

Message Text

UNCLASSIFIED

PAGE 01 BONN 08706 111539Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SP-02 ICA-20 AID-05 NSC-05
SS-15 STR-07 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01
INR-10 NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 L-03
H-02 /108 W

-----071313 120212Z /65

R 111519Z MAY 78

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8440

DEPARTMENT TREASURY

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

UNCLAS BONN 08706

USEEC

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: NO BETTER TAX DEAL FOR FOREIGN INVESTORS

1. ACCORDING TO GERMAN PRESS REPORTS, ECONOMICS MINISTER LAMBSDORFF TOLD THE GERMAN-BELGIAN-LUXEMBOURG CHAMBER OF COMMERCE ON MAY 10 THAT FOREIGN INVESTORS COULD NOT COUNT ON RECEIVING A CORPORATE INCOME TAX CREDIT, ALTHOUGH THERE MIGHT POSSIBLY BE A REDUCTION OF THE WITHHOLDING TAX ON DIVIDENDS TO 15 PERCENT BY WAY OF REVISION OF EXISTING DOUBLE TAXATION AGREEMENTS (NOW 25 PERCENT, EXCEPT AS OTHERWISE PROVIDED BY DOUBLE TAXATION TREATIES). LAMBSDORFF INDICATED THAT THE LATTER WOULD PUT FOREIGN INVESTORS' TAX LIABILITIES AT 45.6 PERCENT, I.E., ONLY SLIGHTLY ABOVE THE 43.5 PERCENT APPLIED BEFORE THE INTRODUCTION IN 1977

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 08706 111539Z

OF AN IMPUTATION SYSTEM FOR CALCULATING CORPORATE/
PERSONAL INCOME TAX PAYMENTS.

2. THE LAMBSDORFF REMARKS FOLLOWED IMMEDIATELY ON NEWSPAPER ACCOUNTS OF A LETTER FROM ORGANIZATIONS REPRESENTING FOREIGN INVESTORS TO THE MINISTERS OF FINANCE AND OF ECONOMY ASKING FOR, AT THE VERY LEAST,

THE ABOLITION OF THE WITHHOLDING TAX ON DIVIDENDS PAID TO FOREIGN INVESTORS. THE LETTER REPORTEDLY HAD THE SUPPORT OF THE AMERICAN CHAMBER OF COMMERCE, THE ASSOCIATION OF SWISS INDUSTRY HOLDING COMPANIES, THE ASSOCIATION OF SWISS BUSINESS IN GERMANY, THE GERMAN-NETHERLANDS CHAMBER OF COMMERCE AND THE BRITISH-GERMAN TRADE COUNCIL. THE FOREIGN INVESTORS URGED THAT THE 1977 TAX REFORM HAD BROUGHT ABOUT DIFFERENTIAL TAX TREATMENT BETWEEN DOMESTIC AND FOREIGN INVESTORS ADVERSE TO THE LATTER.

3. STILL A THIRD NEWSPAPER STORY OUT OF BASEL REPORTS SWISS INVESTOR COMPLAINTS THAT THE GERMANS HAVE BEEN URGING THEM TO INVEST IN SOUTH GERMANY BUT THAT THE FRG HAS NOT ACTED ON A SWISS INITIATIVE TO AMEND THE BILATERAL DOUBLE TAXATION TREATY SO AS TO ELIMINATE TAX DISCRIMINATION AGAINST SWISS INVESTORS. STOESSEL

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW, INVESTORS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BONN08706
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780201-0498
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780571/aaaachxs.tel
Line Count: 80
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 23338ea0-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2727794
Secure: OPEN
Status: NATIVE
Subject: NO BETTER TAX DEAL FOR FOREIGN INVESTORS
TAGS: EFIN, GE
To: STATE TRSY MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/23338ea0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014